

NATIONAL TAXPAYER ADVOCATE RELEASES ANNUAL REPORT

The IRS Problem Resolution Program (PRP) resolved more than 270,000 requests for taxpayer assistance in fiscal 1998, according to the National Taxpayer Advocate's Annual Report to Congress. Efforts to address taxpayers' problems and make the nation's tax system more responsive and less burdensome will intensify in 1999, said National Taxpayer Advocate Val Oveson.

The report details actions taken by the Taxpayer Advocate's office to resolve taxpayers' problems and identifies areas of tax law that impose significant compliance burdens. It also contains a list of the 20 most serious problems encountered by taxpayers from the point of view of individuals, practitioners and the Internal Revenue Service. Topping the list for individuals and small businesses:

- Complexity of the tax law
- Fairness of treatment to taxpayers
- Listening to taxpayer concerns
- Length of IRS processes
- Explanation of IRS processes
- Consideration by IRS of the information presented by taxpayers
- IRS explanation of taxpayer rights
- Amount of time spent on an issue
- Attitude of the IRS
- Lack of responsiveness by the IRS

New to the report is a section on the most litigated issues for each of the four categories of taxpayer. For individual taxpayers, penalty issues, taxability of income and dependency exemptions were cited.

The IRS Restructuring and Reform Act of 1998 granted the National Taxpayer Advocate a more independent role within the IRS and expanded its authority to ensure that appropriate attention is given to the underlying cause of taxpayer problems. The Taxpayer Advocate plans to use these powers to improve IRS operational processes, procedures and policies that may be causing inequities for taxpayers.

"It is obvious that Congress intends that the Service balance the interests of the government with the interests of the taxpayer to create a more taxpayer friendly system," Oveson said.

The report, which is required by law, was delivered to Congress last week. It will be available January 15 on the IRS Web site (www.irs.ustreas.gov). After February 1, single copies may be obtained by calling (202) 622-4300 (not a toll-free number).

X X X